

Message Text

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13

ACTION EA-09

INFO OCT-01 ISO-00 EB-07 XMB-04 /021 W

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P 090857Z APR 76

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC PRIORITY 6515

UNCLAS SEOUL 2649

STATE PASS EXIMBANK PRIORITY

E.O. 11652: N/A

TAGS: BEXP, KS

SUBJECT: MAJOR PROJECT - COMBINED CYCLE POWER PLANT FOR KOREA
ELECTRIC COMPANY (KECO)

REF: SEOUL 2038

1. EMBASSY HAS BEEN INFORMED KOREA ELECTRIC COMPANY (KECO) HAS SENT CABLE TO THE LIST OF PREFERENTIAL BIDDERS, INCLUDING GENERAL ELECTRIC, WESTINGHOUSE, AND TURBODYNE (THROUGH BROWN BOVERI OF SWITZERLAND) ASKING FOR DETAILED FINANCING PLANS FOR THEIR BIDS BY APRIL 14, 1976. THE LIST ALSO INCLUDES FOREIGN COMPANIES, INCLUDING AT LEAST ONE FROM JAPAN.
2. THIS PROJECT IS NUMBER FIVE AMONG THE PRIORITY PROJECTS FOR 1976 SUBMITTED BY THE ROK ECONOMIC PLANNING BOARD TO EXIMBANK FOR POSSIBLE FINANCING.
3. EMBASSY UNDERSTANDS PRELIMINARY COMMITMENTS ARE NO LONGER ISSUED FOR KOREAN PROJECTS. IN THIS CASE IT IS REALIZED WHERE THREE U.S. COMPANIES MAY BE INTERESTED IN EXIMBANK FINANCING, IT ALSO OFFERS OBSTACLES TO THE BANK. NEVERTHELESS, WITH U.S. EQUIPMENT SALES OF \$123 MILLION INVOLVED AND A REAL POSSIBILITY OF THE PROJECT BEING AWARDED TO A U.S. FIRM IF FINANCING CAN BE ARRANGED; EMBASSY URGES SOME PRELIMINARY ACTION BY EXIMBANK.
4. ONE SUGGESTION IS THAT EXIMBANK CABLE KECO, THROUGH THE EMBASSY IF EXIMBANK PREFERENCES, A GENERAL EXPRESSION OF SUPPORT FOR FINANCING THE PROJECT WITH REFERENCES TO ITS HIGH PLACE ON THE PRIORITY

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LIST SENT EXIMBANK BY EPB. HOPEFULLY WITH REPRESENTATION AND

CONSULTATIONS BY THE EMBASSY AND THE U.S. FIRMS INVOLVED, WE MAY OVERCOME THE MORE FIRM FINANCING OFFERS EXPECTED TO BE SENT KECO BY FOREIGN FIRMS AND GOVERNMENTS.

5. WE UNDERSTAND EXIMBANK HAS DEFERRED FURTHER CONSIDERATION THIS PROJECT PENDING RESOLUTION OF THE KORI TWO PROPOSAL. WE FIND THIS ILLOGICAL SINCE THE COMBINED CYCLE PLANT IS REQUIRED TO SUPPLY ANTICIPATED DEMAND LEFT UNMET BY DELAY IN COMPLETION OF KORI ONE. STATUS OF KORI TWO PROPOSAL IS SUBJECT OF SEPTEL.

6. AN URGENT REPLY IS REQUESTED.
SNEIDER

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NNN

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Margaret P. Grafeld
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